

Allowable Expenses

Advertising
Bad Debts
Car and Truck Expenses
 Standard Mileage Rate 32.5 cents per mile OR
 Actual Expenses
Commissions and Fees
Depletion
Depreciation (only allowed on some programs)
Employee Benefit Programs
Insurance premiums related to the trade or business
Interest on Real Property*
Legal and Professional Services
Office Expenses
Pension and Profit Sharing Plans
Rent or Leases*
Repairs and Maintenance that DO NOT add to the value to
 or increase the life of the property
Supplies and Materials
Taxes and Licenses (Not Federal, State, or Self-
 Employment Taxes)
Travels, Meals, and Entertainment directly related to the
 conduct of the business
Utilities*
 Telephone*
Wages (Does not include the self-employed person)
Other: Donations to business organizations, licenses, and
 regulatory fees, subscriptions to trade or
 professional publications.

* If the business is in the home, these expenses are based on the percentage used for business. Only phone calls identified as business calls are allowed on the first phone in the home.

Are you self-employed?



PM925
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You will be asked to answer the following questions:

- Is your business incorporated? ☐ Yes ☐ No
If yes, do you own stock? ☐ Yes ☐ No
Do you file as an 'S' Corp.? ☐ Yes ☐ No
- Is your business a partnership? ☐ Yes ☐ No
Are you a limited partner? ☐ Yes ☐ No
What is your percentage? _____
- Are you the sole owner of your business? ☐ Yes ☐ No
- Does your business involve rental income? ☐ Yes ☐ No
- Are you involved in the day to day decisions of your business? ☐ Yes ☐ No
- Do you consider yourself actively engaged in your business? ☐ Yes ☐ No
- Is your business in your home? ☐ Yes ☐ No
If no, what percentage of your home is regularly and exclusively used for your business? _____
If yes, is your business a day care? ☐ Yes ☐ No
If yes, what percentage of your home is used for your day care? _____
- What accounting method do you use?
Cash ☐ Accrual ☐
- Do you use a vehicle in your business? ☐ Yes ☐ No
If yes, is it used only for business? ☐ Yes ☐ No
If no, what percentage is used for business? _____
- Do you have a separate business phone? ☐ Yes ☐ No
- How long have you been doing this business? _____
- Do you expect your income to change? ☐ Yes ☐ No

Medicaid and the Internal Revenue Service (IRS)

The determination of countable income by Medicaid is different than the method used by the I.R.S. We will use your tax forms to help us determine an annualized income amount, but we do not allow the same deductions nor do we allow the same procedures.* For example, we do not allow the following as income deductions :

- depreciation & capital expenditures
- principal on business assets
- net losses (except for farmers)
- federal , state and local income taxes
- work-related personal expenses (uniform cleaning, meals, etc.)
- money set aside for retirement
- debts from a previous business, including bankruptcy payments

*If you are applying for CHIP, BMS programs, or FM-O; the allowable deductions are the same as those allowed by the I.R.S.

Verifying Your Information

You will be asked to verify the information you give us. It is your responsibility to verify all the information requested. Your worker will tell you exactly what is needed. Copies of your bank statements, computer ledgers, receipts, and tax forms are usually requested. The verifications you bring in must be in an orderly and usable format. Your eligibility will be reviewed periodically and you will be required to submit updated records.

If you do not have a method of keeping track of your income and expenses, your worker can give you a Form 452 (Self-employment ledger sheet). This form will help you separate your income and expenses. You must attach receipts for both. Expenses that are not verified cannot be allowed. The worksheet on the following page may help you organize your verifications.